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State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

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**OFFICE OF THE  
ATTORNEY GENERAL**

**FY 2004, 2005, and 2006**

**Report IC16006  
Date Issued: July 19, 2007**

*Serving Idaho's Citizen Legislature*

# FOREWORD

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## **PURPOSE OF REPORT**

We evaluated the internal controls over financial operations of the Office of the Attorney General as part of our effort to evaluate each State agency at least once every three years. This report summarizes the results of our evaluation.

## **SCOPE OF WORK**

The management of the Office of the Attorney General is responsible for establishing and maintaining internal controls. We obtained an understanding of the relevant policies and procedures comprising the internal control system. We also determined whether the relevant policies and procedures had actually been placed into operation. Our intent was to indicate where internal controls could be improved in order to help ensure the Office's ability to record, process, summarize, and report financial data accurately.

## **AUDIT AUTHORIZATION**

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

## **ASSIGNED STAFF**

Aimee Hayes, CPA, Staff Auditor

## **ADMINISTRATION AND TECHNICAL REVIEW**

Don H. Berg, CGFM, Manager, Legislative Audits Division  
April Renfro, CPA, Managing Auditor

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## EXECUTIVE SUMMARY LEGISLATIVE AUDITS

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### OFFICE OF THE ATTORNEY GENERAL

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**PURPOSE AND SCOPE.** We performed certain audit procedures to evaluate the effectiveness of the Office of the Attorney General's internal control design and operation. The limited scope of our procedures does not allow us to give an opinion on the Office's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed. Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. Any findings and recommendations are intended to improve the internal control system to prevent errors, omissions, misrepresentations, or fraud.

**CONCLUSION.** We noted no matters involving the internal control over the Office's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

**FINDINGS AND RECOMMENDATIONS.** There are no findings and recommendations in this report or in the prior report.

**AGENCY RESPONSE.** The Office of the Attorney General has reviewed this report and is in agreement with its contents.

**FINANCIAL SUMMARY.** No opinion is given on the financial data presented in this report. It is included for informational purposes only.

The Office provides legal services to various State and local agencies or parties in which the State has an interest. The Office is funded primarily by General Fund appropriations, which are used to pay for administrative operations, the Special Litigation program, and salaries for the deputy attorneys general. The costs of providing legal services to State agencies are collected through the Statewide Cost Allocation Plan (SWCAP) and deposited in the Indirect Cost Recovery Fund. This money is subsequently transferred to the General Fund.

During fiscal year 2006, the Office expended \$14,516,203 for personnel costs, \$1,740,745 for operating costs, and \$81,897 for capital outlay.

**OFFICE OF THE ATTORNEY GENERAL**

Fiscal Year 2006	Indirect Cost		Budget	Miscellaneous	Custodial		Total
	General Fund 0001	Recovery Fund 0125	Stabilization Fund 0150	Revenue Fund 0349	Fund 0630		
Beginning Balance	\$0	\$0	\$0	\$413,333	\$91,547		\$504,880
Appropriations	17,324,508	0	0	0	0		17,324,508
Beginning Encumbrances	41,338	0	0	0	0		41,338
Transfers In	0	0	451,360	0	0		451,360
Receipts	1,475	94,596	0	326,093	222,095		644,259
Total Funds Available	\$17,367,321	\$94,596	\$451,360	\$739,426	\$313,642		\$18,966,345
Personnel Costs	14,013,287	0	451,360	51,556	0		14,516,203
Operating Expenditures	1,648,501	0	0	84,269	7,975		1,740,745
Capital Outlay	81,897	0	0	0	0		81,897
Total Expenditures	\$15,743,685	\$0	\$451,360	\$135,825	\$7,975		\$16,338,845
Transfers Out	0	(94,596)	0	(181,293)	(74,318)		(350,207)
Ending Fund Balance	1,623,636	0	0	422,308	231,349		2,277,293
Ending Encumbrances	(2,657)	0	0	0	0		(2,657)
Ending Free Fund Balance	\$1,620,979	\$0	\$0	\$422,308	\$231,349		\$2,274,636

**General Fund 0001.** The Office receives a General Fund appropriation each year for the general administration of the Office and to carry out its constitutional duties, including providing legal assistance to agencies regarding civil matters and representing the State in criminal matters.

**Indirect Cost Recovery Fund 0125.** This fund accounts for receipts from the Statewide Cost Allocation Plan (SWCAP). These funds are used for salaries of the deputy attorneys general providing legal services to various State agencies. The collections are transferred to the General Fund at the end of each fiscal year.

**Budget Stabilization Fund 0150.** The Office received an appropriation from the Budget Stabilization Fund to offset the increase in personnel costs caused by the extra pay period in fiscal year 2006.

**Miscellaneous Revenue Fund 0349.** The Office uses this fund to account for penalties, costs, and fees recovered by the Office to further the duties and activities under the Consumer Protection Act in accordance with Idaho Code, Section 48-606(5).

**Custodial Fund 0630.** This fund is used to temporarily deposit settlement receipts from various cases prior to distribution to the appropriate recipient.

**OTHER ISSUES.** We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Office of the Attorney General and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance provided to us by the Attorney General Lawrence Wasden and his staff.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Don H. Berg, CGFM, Manager, Legislative Audits Division

April Renfro, CPA, Managing Auditor

Report IC16006

# AGENCY RESPONSE

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STATE OF IDAHO  
OFFICE OF THE ATTORNEY GENERAL  
LAWRENCE G. WASDEN

June 25, 2007

Mr. Don H. Berg, Manager  
Legislative Audits Division  
Legislative Services Office

STATEHOUSE MAIL

RE: Audit Report

Dear Mr. Berg:

We have reviewed the draft *Management Report* on internal controls over financial operations of the Office of the Attorney General for fiscal years 2004 through 2006. We are pleased to note there are no findings or recommendations for this audit period.

The Office of the Attorney General is committed to maintaining the highest operating standards and welcomes this opportunity to review our procedures.

We appreciated working with your staff members, April Renfro and Aimee Hayes, during this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence G. Wasden".

LAWRENCE G. WASDEN  
Attorney General

LGW:jc

# APPENDIX

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## STATUTORY AUTHORITY

The Attorney General is the chief legal officer of the State of Idaho. Article IV, Section 1 of the Idaho Constitution states that the Attorney General is a member of the executive department of State government and is elected by the people for a four-year term. In addition, the Attorney General serves on the State Board of Examiners (Idaho Constitution, Article IV, Section 18) and on the State Board of Land Commissioners (Idaho Constitution, Article IX, Section 7).

## PURPOSE

The powers and duties of the Attorney General, including the common law powers and duties, are derived from the Idaho Constitution and from the statutes. Idaho Code, Section 67-1401 specifies the duties of the Attorney General. Major duties include representing the State in every lawsuit in which the State is a party or has an interest, providing formal opinions to designated State officials, and providing guidance and counsel to State and local agencies in the interpretation of Idaho law.

## ORGANIZATION

All attorneys in the Office of the Attorney General are titled Deputy Attorney General. Each deputy is assigned to a division, and each division is headed by a division chief. The Office is organized into seven divisions: Civil Litigation, Contracts and Administrative Law, Criminal Law, Human Services, Intergovernmental and Fiscal Law, Natural Resources, and Administration and Budget.

**Civil Litigation Division** – This division is responsible for providing centralized civil litigation advice and representation in significant cases for all State agencies. The division provides a defense for the State tort claims, actions against the judiciary and legislature, employment claims against State agencies, and other specific cases.

The Consumer Protection Unit of the Civil Litigation Division is responsible for enforcement of Idaho's Consumer Protection, Telephone Solicitation, Charitable Solicitation, and Pay-Per-Telephone Call Acts, as well as other laws. The unit seeks to fulfill this charge through education, mediation, and enforcement efforts.

**Contracts and Administrative Law** – This division is responsible for the management of outside legal contracts on behalf of the Bureau of Risk Management, the State Insurance Fund, the Bureau of Child Support, and Industrial Special

Indemnity Fund. Duties include assigning cases to outside legal counsel, monitoring and supervising cases, and reviewing and approving attorney billings. The division also provides centralized support for State agencies' contract activities, including reviewing contract documents.

**Criminal Law Division** – This division has the responsibility of discharging the statutory duties assigned to the Attorney General, including statewide representation for all criminal appeals, discretionary assistance and investigative support to local prosecuting attorneys, and providing legal services to various departments that deal with criminal matters.

**Human Services Division** – This division provides legal services to the board, director, and staff of the Department of Health and Welfare, including its divisions and seven regional offices.

**Intergovernmental and Fiscal Law Division** – This division serves as legal counsel to the Secretary of State and State Treasurer, and provides legal advice to Idaho's city and county officials, most notably with respect to the Idaho Open Meetings Law and Idaho Public Records Act.

**Natural Resources Division** – This division provides advice and assistance to State officials regarding natural resources and environmental law matters, including endangered species litigation, State timber sales, grazing leases, and a multitude of complex water-related issues.

**Administration and Budget Division** – This division is a non-legal division. It is responsible for the business operations of the Office of the Attorney General, and provides budgeting, accounting, payroll, and computer services.

## FUNDING

The Office of the Attorney General is funded primarily through General Fund appropriations.

The Legislature funds the Special Litigation Program through a General Fund appropriation. These funds are used when litigation costs arise that cannot be accurately anticipated or budgeted in advance.

When the Attorney General prosecutes cases for local governments, expenses related to those cases are paid from the General Fund and subsequently reimbursed by the local government.

Fees for salaries of deputy attorneys general and support staff assigned to State agencies are collected through the Statewide Cost Allocation Plan (SWCAP) and deposited in the Indirect Cost Recovery Fund. This money is subsequently transferred to the General Fund.

**General Fund 0001** – The General Fund appropriation is used for the general administration of the Office and to carry out the constitutional duties of the Office, including providing legal assistance to agencies regarding civil matters and representing the State in criminal matters.

**Indirect Cost Recovery Fund 0125** – The Indirect Cost Recovery Fund receives funds from SWCAP to be used for salaries of the deputy attorneys general providing legal services to various State agencies. The collections are transferred to the General Fund at the end of the fiscal year.

**Budget Stabilization Fund 0150** – This fund accounted for an appropriation from the Budget Stabilization Fund to offset the increase in personnel costs caused by the extra pay period in fiscal year 2006.

**Miscellaneous Revenue Fund 0349** – This is the Consumer Protection Fund that accounts for penalties, costs, and fees recovered by the Office, and is used to further the duties and activities under the Consumer Protection Act in accordance with Idaho Code, Section 48-606(5).

**Custodial Fund 0630** – This fund is used to temporarily deposit settlement receipts from various cases prior to distribution to the appropriate recipient.

Office of the Idaho Attorney General  
Organizational Chart - 2006

